

**FEMA Did Not Always
Accurately Report
COVID-19 Contract
Actions in the Federal
Procurement Data System**





OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

November 5, 2021

MEMORANDUM FOR: The Honorable Deanne Criswell
Administrator
Federal Emergency Management Agency

FROM: Joseph V. Cuffari, Ph.D. JOSEPH V
Inspector General CUFFARI

SUBJECT: *FEMA Did Not Always Accurately Report COVID-19 Contract
Actions in the Federal Procurement Data System*

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JOSEPH V CUFFARI
Date: 2021.11.05 13:17:34
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For your action is our final report, *FEMA Did Not Always Accurately Report COVID-19 Contract Actions in the Federal Procurement Data System*. We incorporated the formal comments provided by your office. The report identifies actions FEMA needs to take to improve the overall accuracy of its reporting of contract actions.

The report contains one recommendation aimed at improving the overall accuracy of reporting of contract actions. Your office did not concur with the recommendation. Based on information provided in your response to the draft report, we consider the recommendation open and unresolved. As prescribed by the Department of Homeland Security Directive 077-01, *Follow-Up and Resolutions for the Office of Inspector General Report Recommendations*, within 90 days of the date of this memorandum, please provide our office with a written response that includes your (1) agreement or disagreement, (2) corrective action plan, and (3) target completion date for the recommendation. Also, please include responsible parties and any other supporting documentation necessary to inform us about the current status of the recommendation. Until your response is received and evaluated, the recommendation will be considered open and unresolved.

Please send your response or closure request to OIGAuditsFollowup@oig.dhs.gov.

Consistent with our responsibility under the *Inspector General Act of 1978, as amended*, we will provide copies of our report to congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Please call me with any questions, or your staff may contact Bruce Miller, Deputy Inspector General of Audits, at (202) 981-6000.



DHS OIG HIGHLIGHTS

FEMA Did Not Always Accurately Report COVID-19 Contract Actions in the Federal Procurement Data System

November 5, 2021

Why We Did This Audit

We conducted this audit to determine to what extent FEMA followed Federal and departmental procedures and guidelines for awarding COVID-19 contracts to vendors in unusual and urgent circumstances.

What We Recommend

We made one recommendation that, when implemented, should improve FEMA's accuracy in reporting contract data in FPDS.

For Further Information:

Contact our Office of Public Affairs at (202) 981-6000, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov

What We Found

In accordance with *Government Auditing Standards*, Section 8.29, we are halting our audit work to avoid interfering with other ongoing Office of Inspector General activities. As a result, we could not answer our audit objective. However, we did identify a minor internal control weakness related to properly reporting Coronavirus Disease 2019 (COVID-19) contract data in the Federal Procurement Data System (FPDS).

Specifically, we found that the Federal Emergency Management Agency (FEMA) did not always accurately report COVID-19 contract data in FPDS, as required. Of the 128 COVID-19 contract actions, totaling almost \$6.9 billion, FEMA mislabeled the competitive status of approximately 33 percent of contract actions and also did not accurately report more than 4 percent of contract actions as COVID-19-specific. This occurred because FEMA's process for ensuring correct contract data in FPDS did not detect the inaccuracies. As a result, FPDS has incorrect COVID-19 contract data that could affect decision making amid a global health care emergency.

FEMA Response

FEMA did not concur with our recommendation, which is unresolved and open. Appendix A contains FEMA's management comments in their entirety.



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Background

The Federal Emergency Management Agency's (FEMA) mission is to help people before, during, and after disasters. On March 13, 2020, the President declared the Coronavirus Disease 2019 (COVID-19) pandemic a nationwide emergency. As part of its pandemic response, from March 13, 2020 through May 31, 2020, FEMA awarded 52 contracts, which included 128 contract actions, with a total value of almost \$6.9 billion under Federal Acquisition Regulation (FAR) criteria in Section 6.302-2. This section allows agencies to forego normal competitive procedures under unusual and compelling urgency.

Additional Government action during this time included General Services Administration guidance issued on March 14, 2020, announcing it had created a new National Interest Action (NIA) code in the Federal Procurement Data System (FPDS) to track acquisition costs for agencies responding to the coronavirus pandemic. FPDS, an automated data gathering and reporting system, is the authoritative repository for Federal procurement award data. According to the FAR, the agency's Senior Procurement Executive in coordination with the head of contracting activity is responsible for developing and monitoring a process to ensure timely and accurate reporting of FPDS actions. Further, on March 20, 2020, the Office of Management and Budget (OMB) issued a memorandum informing agencies to consult their internal policy offices on how to comply with the NIA code reporting requirement. On April 10, 2020, OMB issued another memorandum on this topic, explicitly stating that agencies must assign the COVID-19 NIA code to all procurement actions issued in response to the pandemic and reported into FPDS.

Results of Audit

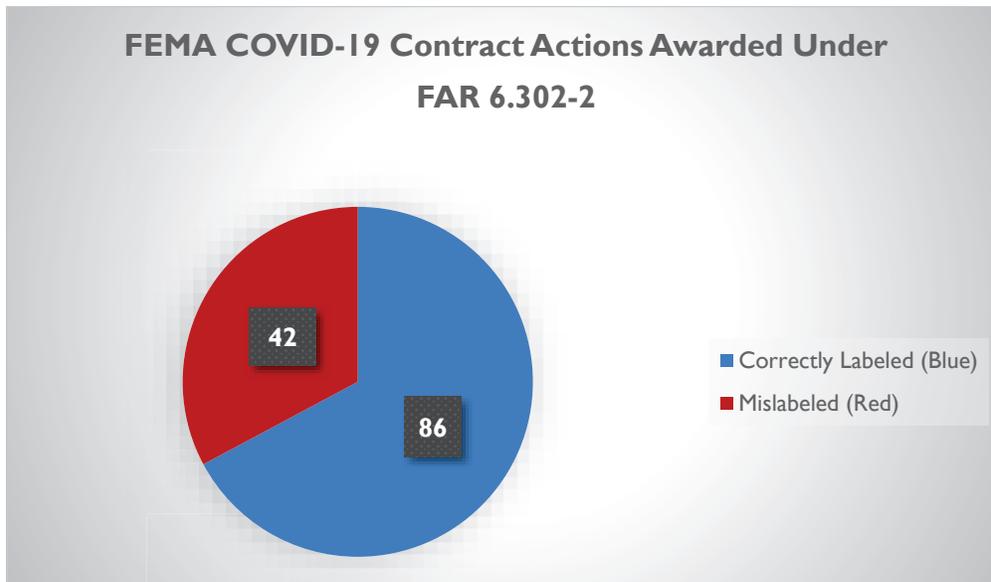
FEMA Did Not Always Report Covid-19 Contract Actions in FPDS Accurately or Promptly

The FAR requires accurate reporting of contractual actions in FPDS. Of the 128 COVID-19 contract actions FEMA awarded under unusual and compelling urgency from March 13, 2020 through May 31, 2020, it mislabeled 42, or approximately 33 percent, as "full and open competition after exclusion of sources." Figure 1 depicts mislabeled FEMA COVID-19 contract actions.



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Figure 1. Mislabeled FEMA COVID-19 Contract Actions



Source: Department of Homeland Security Office of Inspector General (OIG) analysis of FEMA and FPDS data

Additionally, FEMA did not always assign the NIA code to COVID-19 contract data. On March 17, 2020, DHS notified its components of the new NIA code in FPDS. This occurred after the General Services Administration had issued guidance regarding the NIA code. On April 10, 2020, OMB also stated that agencies were expected to assign the COVID-19 NIA code to all pandemic-related procurement actions reported in FPDS. Of the 128 COVID-19 contract actions FEMA awarded under unusual and compelling urgency from March 13, 2020 through May 31, 2020, 6 contract actions were not coded as such.

Finally, the FAR requires contract action reports for any action awarded under unusual and compelling urgency be completed in FPDS within 30 days after the contract award. Of the 128 COVID-19 contract actions FEMA awarded under unusual and compelling urgency from March 13, 2020 through May 31, 2020, at least 4 were completed in FPDS later than 30 days after contract award.

FEMA was not aware of some errors before we brought them to its attention. In reviewing FPDS records, we found FEMA had addressed some of these errors. Specifically, FEMA corrected 3 of the 42 contracts with mislabeled competition status. Also, before our audit commenced, FEMA issued guidance to its contracting officers reminding them to enter the NIA code in FPDS. Nevertheless, these reporting issues occurred because FEMA's existing process for entering data did not detect them. Until FEMA takes actions to improve its process, the incorrect COVID-19 contract data it reported to FPDS could affect urgent and critical decision making amid a national and global health crisis.



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Recommendation

Recommendation: We recommend that FEMA's Chief Component Procurement Officer develop and implement policies and procedures to ensure FEMA completely, accurately, and promptly reports contracting data to FPDS.

Management Comments and Analysis

FEMA did not concur with our recommendation. We included a copy of FEMA's management comments in their entirety in Appendix A. We also received technical comments on the draft report and revised the report as appropriate. We note that FEMA has since added the NIA code to five of the six contract actions that lacked the code. We consider the recommendation unresolved and open. A summary of FEMA's management response and our analysis follows.

FEMA Response to Recommendation: FEMA did not concur with our recommendation. FEMA officials stated that there are ample policies and procedures for FPDS reporting. FEMA described DHS' FPDS validation and verification (V&V) process, in which FEMA reviews a sample of FPDS data quarterly and certifies annually to DHS' Chief Procurement Officer. FEMA also provided examples of guidance it provides its contracting officers on finalizing and correcting records in FPDS and an example of a V&V report that it distributes biweekly for contracting officers to make corrections.

OIG Analysis of FEMA's Response: After reviewing documents provided in response to our draft report, we acknowledge that FEMA has policies and procedures for reporting data in FPDS. In addition, we cited in our report that FEMA developed guidance prior to the start of our audit, reminding contracting officers to enter the NIA code, if any, into FPDS. However, FEMA's process still did not detect the errors we found. For example, the V&V report only reviews certain data fields, which do not include the NIA code. Without OIG presenting the errors to FEMA, it is unclear when FEMA would have corrected them. This recommendation will remain unresolved and open until FEMA provides evidence showing new or updated guidance on completely, accurately, and promptly reporting contract data to FPDS.



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Objective, Scope, and Methodology

The Department of Homeland Security Office of Inspector General was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*.

We conducted this audit to determine to what extent FEMA followed Federal and departmental procedures and guidelines for awarding contracts in response to COVID-19 to responsible prospective vendors under unusual and compelling urgency. Our scope included contracts awarded from March 13, 2020 through May 31, 2020.

Before halting our audit work, we reviewed Federal, departmental, and FEMA procurement regulations and guidelines. We interviewed officials from the DHS Office of Chief Procurement Officer. We also interviewed officials and staff from FEMA's Office of Chief Procurement Officer and Office of Chief Financial Officer. We requested FEMA contract data and compared it with contract data in FPDS. We tested the reliability of the data we obtained from FEMA by comparing key data elements with information from FPDS. We determined that the data were sufficient and reliable for the purposes of our audit.

We conducted this performance audit between July 2020 and April 2021 pursuant to the *Inspector General Act of 1978, as amended*. However, we were unable to fully address our audit objective due to other ongoing OIG activities that prompted our withdrawal and halted our audit work. During our review we identified an internal control weakness that we are reporting to FEMA's Chief Procurement Officer for action. Other than the modifications cited, we conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objectives.

The Office of Audits major contributors to this report are: Carolyn Hicks, Audit Director; Shamika Morris, Audit Manager; Victor Leung, Auditor-in-Charge; Connie Tan, Auditor; Aaron Naas, Program Analyst; Jane DeMarines, Communications Analyst; and Yvette S. Mabry, Independent Referencer.



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Appendix A
FEMA Comments to the Draft Report

U.S. Department of Homeland Security
Washington, DC 20472



FEMA

October 1, 2021

MEMORANDUM FOR: Joseph V. Cuffari, Ph.D.
Inspector General

FROM: Cynthia Spishak
Associate Administrator
Office of Policy and Program Analysis

SUBJECT: Management Response to Draft Report: "FEMA Did Not Always Accurately Report COVID-19 Contracts in the Federal Procurement Data System"
(Project No. OIG-20-044)

CYNTHIA SPISHAK
Digitally signed by CYNTHIA SPISHAK
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Thank you for the opportunity to comment on this draft report. The Federal Emergency Management Agency (FEMA) appreciates the work of the Office of Inspector General (OIG) in planning and conducting its review and issuing this report.

FEMA is pleased to note OIG's positive recognition of FEMA's actions to address some of the errors in its reporting of COVID-19 Federal Procurement Data System (FPDS) records. FEMA remains committed to continuously improving the timeliness and accuracy of reporting through existing regulations, training, and job aids.

The draft report states FEMA mislabeled FEMA COVID-19 contract actions. Of the 42 contract actions identified as mislabeled, FPDS competition data for the 21 orders and their 5 modifications is pulled from the parent indefinite delivery, indefinite quantity contracts. For the orders and their modifications placed against the IDIQs, FPDS includes the competition information of the parent award as a reference. In addition, the draft report states FEMA did not always assign the National Interest Action (NIA) code to COVID-19 contracts. The report indicates six actions did not have the NIA code; however, the FPDS record for one of the records did include this code and FEMA has since corrected the other five actions.

Finally, the draft report states FEMA does not have a process for ensuring that contract data was correctly entered. FEMA's Office of the Chief Component Procurement Officer (OCCPO) disagrees. Federal Acquisition Regulation (FAR) 4.6 outlines the responsibilities of FEMA contracting officers when reporting to FPDS, and it also



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provides the requirement for the FPDS data validation and verification (V&V) process. In addition, DHS has an established FPDS V&V process in accordance with the Office of Management and Budget, Office of Federal Procurement Policy memo entitled, "Improving Federal Procurement Data Quality - Guidance for Annual Verification and Validation." Under the Department of Homeland Security (DHS) process, components are required to review a sample of FPDS data each quarter and then the Head of Contract Activity is required to certify annually to the DHS Chief Procurement Officer. The DHS FPDS V&V process also incorporates a series of data element checks against reported FPDS data that sends Contracting Officers an email when reported data appears to be incorrect. DHS conducted an in-depth FPDS training for FEMA Contracting Officers in Fiscal Year (FY) 2020 and FEMA attends a monthly DHS meeting where clarification and instructional information about FPDS is provided for distribution to contracting staff. FEMA also has helpful tools that describe processes for finalizing and correcting records in FPDS. DHS also has a report detailing late reporting to FPDS by Component and user. Finally, FEMA's Independent V&V reports that contain error and draft records are distributed biweekly for correction by Contracting Officers.

The draft report contained one recommendation for FEMA's Chief Procurement Officer with which the Department non-concurs. Attached find our detailed response to the recommendation. FEMA previously submitted technical comments addressing several accuracy, contextual, and other issues under a separate cover for OIG's consideration.

Again, thank you for the opportunity to review and comment on this draft report. Please feel free to contact me if you have any questions. We look forward to working with you again in the future.

Attachment



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Attachment: Management Response to Recommendations Contained in OIG-21-044-AUD-FEMA

OIG recommended that FEMA's Chief Procurement Officer:

Recommendation 1: Develop and implement policies and procedures to ensure FEMA completely, accurately, and promptly reports contracting data to FPDS.

Response: Non-concur. DHS and FEMA have ample policies and procedures for FPDS reporting. Federal Acquisition Regulation (FAR) 4.6 outlines the responsibilities of FEMA contracting officers when reporting to FPDS, and it also provides the requirement for the FPDS data validation and verification (V&V) process. DHS has an established FPDS V&V process in accordance with the Office of Management and Budget, Office of Federal Procurement Policy memo entitled, "Improving Federal Procurement Data Quality - Guidance for Annual Verification and Validation." Under the DHS process, Components are required to review a sample of FPDS data each quarter and then the Head of Contract Activity is required to certify annually to the DHS Chief Procurement Officer. The DHS FPDS V&V process also incorporates a series of data element checks against reported FPDS data that sends Contracting Officers an email when reported data appears to be incorrect. DHS conducted an in-depth FPDS training for FEMA Contracting Officers in FY 2020 and FEMA attends a monthly DHS meeting where clarification and instructional information about FPDS is provided for distribution to contracting staff. FEMA also has helpful tools that describe processes for finalizing and correcting records in FPDS. DHS also has a report detailing late reporting to FPDS by Component and user. Finally, FEMA's Independent V&V reports that contain error and draft records are distributed biweekly for correction by Contracting Officers. FEMA Office of the Chief Component Procurement Officer (OCCPO) commits to continual improvement in FPDS reporting through its training and Independent V&V reports. OCCPO remains committed to reviewing the mislabeled actions and if corrections are needed, they will be made. In support of these actions, FEMA has provided the following under separate cover:

- How to finalize your FPDS record in PRISM
- How to finalize your record directly at FPDS website
- Helpful Hints when launching FPDS in PRISM and receiving errors
- How to correct your FPDS record in errored out status
- Sample IV&V Report

FEMA requests the OIG consider this recommendation resolved and closed, as implemented.



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Appendix B
Report Distribution

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